



# IC DIRECTOR / NIH DEPUTY DIRECTOR COMPENSATION MODEL

Office of Human Resources  
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# Background

- Current compensation for NIH senior scientific leadership positions has been compressed to the point that there is little distinction in pay among top leadership positions and between top leadership positions and other scientific/medical positions.
- Current pay limits constrict NIH's ability to be competitive given the compensation that potential recruits and current incumbents can command in the market.



# Goals

To develop:

- A flexible pay structure that will allow NIH to be competitive in recruiting and retaining the best medical/scientific leadership
- A compensation structure that will result in pay distinctions among IC Director positions
- A compensation structure that will result in pay demarcation between IC Director/NIH Deputy positions and other NIH positions



# Methodology

- Review Market Data
- Consider NIH Organizational Structure
- Develop a flexible model for determining total compensation that reflects:
  - Organizational differences
  - Market rates
  - Position
  - Qualifications
  - Performance



# A Framework for Pay

- Total Compensation consists of several components:
  - **Position Pay** – for the attributes and challenges of the position
  - **Incumbent Pay** – for those personal and professional attributes essential for effective performance and other elements required to recruit and retain outstanding candidates
  - **Performance Bonus** – annual performance-based cash bonus

# Principles of the Model

- Initial compensation set within current authority granted to Director, NIH
  - Base Pay NTE \$250,000
  - Total Compensation NTE \$275,000
- NIH will seek Secretarial approval to extend compensation limits above those currently authorized
- Position Pay provides a means to recognize duties and responsibilities of the position
- Incumbent Pay provides a means to recognize market elements and compensate for the special qualifications required for the job
- Allows for performance bonuses
- Allows for periodic reassessment and adjustment of Base Pay
- Recruitment and Retention incentives may be granted under very limited circumstances

# Position Pay

- Position Pay for each IC Director/NIH Deputy is determined based on the following position-related elements as determined by the Director, NIH:

- ☐ Budget
- ☐ FTEs
- ☐ Organizational Complexity
- ☐ Scope of Responsibility
- ☐ Programs
  - Intramural, Extramural, Clinical
  - Impact
- ☐ Emerging Science
- ☐ Public Interest
- ☐ Federal Mandates



# Incumbent Pay

- Incumbent Pay takes into consideration those elements that must be considered in attracting and retaining outstanding candidates and attributes required for successful performance, including:
  - Required Special Qualifications
  - Medical/Research Scarcity and Market Rates
  - Organizational Complexity
  - Corporate Citizenship
  - Professional Accomplishments
  - Management

# Incumbent Pay - Elements

- ❑ **Required Special Qualifications** – Special experience directly related to the position
- ❑ **Medical/Research Scarcity and Market Rates** – AAMC survey data
- ❑ **Corporate Citizenship** – Developing networks and alliances, collaborating across boundaries and finding common ground with a wide range of stakeholders, and utilizing contacts to build and strengthen internal (NIH) support bases. Evidenced by participation on steering committees, work groups, congressional representation, etc.

# Incumbent Pay – Elements (cont.)

- **Professional Accomplishments** – Established record of career high achievements which reflect significant contributions in professional field. Evidenced by awards, elections to prestigious organizations (e.g. National Institute of Medicine, National Academy of Sciences), publications, invitations to present at national or international meetings
- **Management** – Demonstrated ability to successfully lead and manage an organization which integrates key national and program goals, priorities, and values. Evidenced by leadership and vision, strategic planning, and overall management effectiveness



# Base Pay

$$\begin{array}{c} \text{Position Pay} \\ + \\ \text{Incumbent Pay} \\ = \\ \text{Base Pay} \\ \text{(Current HHS Limit NTE \$250,000)} \end{array}$$



# Performance Bonus

- A cash bonus may be granted annually at the discretion of the Director, NIH, based on performance as measured by contributions and accomplishments, leadership and vision, and achievement of goals that support the President's Management Agenda, the One-HHS Program and Management Objectives, and the NIH Roadmap.



# Recruitment Incentive

- A one-time recruitment incentive may be granted at the discretion of the Director, NIH
- Requires a two year service agreement



# Retention Incentives

- Granted under very limited circumstances
- Requires a written competitive offer
- Must be approved by the Director, NIH

# Total Compensation

Base Pay

Position Pay + Incumbent Pay  
(Currently NTE \$250,000)

+

Performance Bonus  
Recruitment Incentive  
Retention Incentive



If granted at the  
discretion of the  
Director, NIH

=

Total Compensation  
(Currently NTE \$275,000)

# Process - Calculating Base Pay

- The Director, NIH, will assign a Position Pay value to each IC Director position, based on Position Pay elements
  - Position Pay Range: \$55,000 to \$110,000
- The Director, NIH, will determine Incumbent Pay based on Incumbent Pay elements
  - Incumbent Pay Range: \$0 - \$245,000
- Base Pay (Position Pay + Incumbent Pay) currently cannot exceed \$250,000



# Process – Calculating Performance Bonus

- Must be linked to annual Performance Ratings
- NTE 20% of Base Pay
  - For 2005 only; for subsequent years, HHS is proposing a 5% limit, to which NIH plans to object
- Total Compensation currently cannot exceed \$275,000



# Base Pay Adjustments

- Base pay adjustments may result from:
  - Position changes as measured by elements in Position Pay
  - Sustained accomplishments and market changes as measured by elements of Incumbent Pay
- Periodic adjustments as determined by Director, NIH

# Principles of IC Director Compensation Model

| Pos Pay Range  | Incumbent Pay Components    |              |              |              |              | Total Incum Pay Range | Total <sup>1</sup> Base Pay Range | Perf <sup>2</sup> Bonus | Total <sup>1</sup> Comp Range |
|----------------|-----------------------------|--------------|--------------|--------------|--------------|-----------------------|-----------------------------------|-------------------------|-------------------------------|
|                | Med Scarcity & Market Rates | Corp Citizen | Prof Accomp  | Manage       | Spec Quals   |                       |                                   |                         |                               |
| \$55 To \$110K | \$0 To \$50K                | \$0 To \$35K | \$0 To \$75K | \$0 To \$35K | \$0 To \$50K | \$0 To \$245K         | \$55 To \$250K                    | ≤ 20% of Base Pay       | \$55 To \$275K                |

<sup>1</sup> Current HHS policy limits Title 42 (f) Base Pay to \$250,000 & Total Compensation to \$275,000. NIH will request OS approval to raise these limits.

<sup>2</sup> For 2005 only, perf bonuses will be limited to NTE 20% of base pay. For subsequent years, HHS is proposing a 5% limit (NIH intends to argue for greater flexibility).

# “Cascading” to IC Deputy & Scientific Directors

- Pay Framework based on same elements as IC Directors
  - Position Pay establishes a \$20,000 differential between Position Pay of IC Director and that of respective IC Deputy/SD
  - Incumbent Pay calculated based on same elements with same monetary range
- Base Pay Maximum = \$247,500
- Total Compensation Maximum = \$260,000

# Principles of IC Deputy & Scientific Director Compensation Model

| Pos Pay Range | Incumbent Pay Components    |              |              |              |              | Total Incum Pay Range | Total <sup>1</sup> Base Pay Range | Perf <sup>2</sup> Bonus | Total <sup>1</sup> Comp Range |
|---------------|-----------------------------|--------------|--------------|--------------|--------------|-----------------------|-----------------------------------|-------------------------|-------------------------------|
|               | Med Scarcity & Market Rates | Corp Citizen | Prof Accomp  | Manage       | Spec Quals   |                       |                                   |                         |                               |
| \$35 To \$90K | \$0 To \$50K                | \$0 To \$35K | \$0 To \$75K | \$0 To \$35K | \$0 To \$50K | \$0 To \$245K         | \$35 To \$247.5K                  | ≤ 10% of Base Pay       | \$35 To \$260K                |

<sup>1</sup> NIH Pay Caps for IC Deputies and Scientific Directors under this Model: Base Pay NTE \$247,500; Total Compensation NTE \$260,000

<sup>2</sup> Under current NIH policy, IC Directors have authority to grant bonuses of up to 10%; bonuses between 10 – 20% require Director, NIH, approval. This policy will change after 2005, however, since HHS is proposing a 5% limit (NIH intends to argue for greater flexibility.)

# Process – Calculating Base Pay for IC Deputies/SDs

- IC Directors will propose appropriate Base Pay for current IC Deputy and Scientific Director positions
- To assure equity & consistency, proposals will be reviewed as a group, appropriate adjustments made, and approved by the Director, NIH
  - Includes any requests for retention incentives
- Pay adjustments under this Model will be approved by the Director, NIH
- For 2005, IC Directors may approve performance bonuses NTE 10% of Base Pay, provided Total Compensation does not exceed \$260,000 (may change in future years based on HHS policy)



# Relationship to Title 42 Pay Model

## – All Other Positions

- Compensation for all other Title 42 scientists will continue to be established under the NIH Title 42 Pay Model

# Revision of the Title 42 Pay Model - Intramural

- Band IV, Intramural (Clinical) and (Basic), covering tenured Senior Investigators, will be extended from 3 terciles to 4 quartiles
- Q-4 reserved for our most preeminent scientific investigators
  - Entrance into Q-4 will require special peer review and approval of Director, NIH
- Base Pay Ranges for Q-3 and Q-4:
  - Q-3: \$180,101 to \$230,000 (increased from \$212,000)
  - Q-4: \$230,001 to \$250,000
- Total Compensation Limit for Q-4 = \$275,000



# Revision of the Title 42 Pay Model - Extramural

- Revisions to the Extramural Bands, including extension of base pay ranges, will be considered once the ongoing effort to develop a categorization system for Extramural positions is completed
  - Purpose is to facilitate comparison among extramural positions and foster greater equity and consistency in pay setting
  - Such system already exists for Intramural positions (Intramural Professional Designations)
  - As soon as the Extramural system is developed, the Director, NIH will review, approve and implement as appropriate